

§ 266.1

- 266.2 Applicability.
- 266.3 Definitions.
- 266.4 Policy.
- 266.5 Responsibilities.
- 266.6 Procedures.

AUTHORITY: 10 U.S.C. 140.

SOURCE: 56 FR 36003, July 30, 1991, unless otherwise noted.

§ 266.1 Purpose.

This part:

- (a) Updates policy, responsibilities, and procedures.
- (b) Implements Public Law 98–502 (31 U.S.C. 7501–7507 and 3512) and Office of Management and Budget (OMB) Circulars A–128¹ and A–133² to establish audit requirements for State and local governments, institutions of higher education, and other nonprofit institutions that receive Federal financial assistance.
- (c) Assigns responsibilities within the Department of Defense for monitoring compliance with those requirements.

§ 266.2 Applicability.

This part applies to the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Unified and Specified Commands, the Inspector General of the Department of Defense (IG, DoD), the Defense Agencies, and the DoD Field Activities (hereafter referred to collectively as “the DoD Components”) that provide Federal financial assistance to State and local governments, institutions of higher education, and other nonprofit institutions.

§ 266.3 Definitions.

Terms used in this part are defined in OMB Circulars A–128 and A–133 with the following deviation. Funds paid by the National Guard Bureau to States under facilities’ operation and maintenance agreements do not constitute “Federal financial assistance” for purposes of Public Law 98–502 and OMB Circular A–128.

¹Forward written requests to: Office of Management and Budget Publications, 725 17th Street, NW, New Executive Office Building, Washington, DC 20503.

²See footnote 1 to § 266.1(b).

§ 266.4 Policy.

The DoD Components shall rely on and use financial and performance audits performed by non-Federal auditors under OMB Circular A–128 and independent auditors under OMB Circular A–133 in the oversight of Federal financial assistance provided to State and local governments, institutions of higher education, and other nonprofit institutions. Public Law 98–502 provides that a non-Federal audit of the operations of a State or local government performed under OMB Circular A–128 may exclude public colleges and universities, in which case an audit of the public college or university shall be made in accordance with OMB Circular A–133. The DoD Components, however, may request additional audits of such assistance when required by regulation or to ensure effective use of such assistance as deemed necessary. Any additional audit effort shall be planned and carried out in such a way as to avoid duplication and shall be separately funded.

§ 266.5 Responsibilities.

(a) The Inspector General of the Department of Defense shall:

(1) Serve as the DoD senior official under OMB Circulars A–128 and A–133 for policy guidance, direction, and coordination with DoD Components and other Federal Agencies on audit matters related to State and local governments, institutions of higher education and other nonprofit institutions.

(2) For State and local governments, institutions of higher education, and other nonprofit institutions for which the OMB has assigned the DoD cognizance, do the following:

(i) Ensure that audits are made and reports are received in a timely manner and in accordance with the requirements of OMB Circulars A–128 and A–133.

(ii) Provide technical advice and liaison through the DoD Components to State and local governments, institutions of higher education, other nonprofit institutions, and independent auditors.

(iii) Make desk reviews of all reports received, and also make quality control reviews of selected audits made by non-Federal audit organizations and